2007–2008

Saskatchewan

Provincial Budget

Performance Plan

Saskatchewan Finance

Minister's Message

I am pleased to introduce the Department of Finance Performance Plan for 2007-08, outlining our role in managing and controlling the Province's finances, administering and collecting taxes, and supporting Government's accountability in the use of public funds.

Finance is the agency responsible for receiving the majority of the Government's revenue and disbursing funds to other departments for vital public services and programs including health care and education.

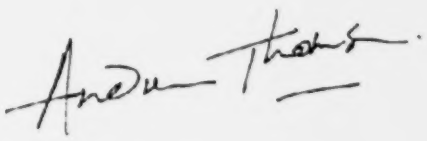
The Department monitors both internal and external pressures on the provincial tax system, analyzing their effects on fairness and competitiveness. In 2007-08, the Department will implement year two of the Business Tax Reforms announced in last year's Budget; reforms that will help build the economy and create career opportunities for our young people.

This year, Finance will continue to work with the federal government to advance Saskatchewan's interest in a fair Equalization Program and manage anticipated changes in the federal approach to fiscal imbalance. Saskatchewan is a resource-based economy. It is important the Equalization Program not claw back the resources required to build our economy and create opportunities for Saskatchewan people.

We will continue to update the public on the state of the Province's finances through quarterly reports – to let our citizens know how we are allocating funds and managing priorities in their best interest.

The Department continues to play a lead role in the government-wide strategic planning process by co-ordinating department performance plans – measures included in the plans help us evaluate both our progress and our success, helping ensure government is accountable to the people it serves.

The Department of Finance Performance Plan is part of our ongoing commitment to accountability, transparency, and performance measures. I am dedicated to the goals and actions outlined in this Plan, and will report on their progress in the summer of 2008.



Andrew Thomson
Minister of Finance

Who We Are

MANDATE

The mandate of the Department of Finance is to provide options and advice to Treasury Board and Cabinet on managing and controlling the finances of the Province. The Department administers and collects Provincial taxes and it supports the Government in being accountable to the Legislature and the public in the use of public funds.

The Department of Finance plays a unique role in the affairs of the Province of Saskatchewan. As a central agency, Finance is responsible for advising the Government on financial implications associated with its policy decisions. The Department, with direction from Treasury Board and Cabinet, assists in managing and controlling the finances of the Province to ensure appropriate use of public funds. It maintains a close working relationship with the federal government, other provincial governments and other government bodies within the Province to effectively address financial issues of mutual concern.

The Department of Finance is responsible for receiving and disbursing the majority of revenues for the Government of Saskatchewan. These include revenues from taxation and non-renewable resources, transfers from Government entities, such as Crown Investments Corporation of Saskatchewan, and transfers from the federal government. Revenues are disbursed through Finance to fund public services such as health care, education and road maintenance. To ensure an increasing level of government-wide accountability, Finance assists departments in maintaining a system of planning, budgeting, measuring and reporting based on Government's Accountability Framework.

These roles and responsibilities constitute the "behind the scenes" work of the Department. Finance also provides services directly to the public through delivery of the Saskatchewan Savings Bonds program, administration of provincial pension plans and employee benefit plans, administration of provincial tax programs, including the Provincial Sales Tax, and communication of initiatives to keep the public informed about finance-related issues.

CORE BUSINESS AREAS

The Department provides the Minister of Finance, Treasury Board, Cabinet and the Government with information, analysis, advice and services in eight core business areas.

FISCAL AND ECONOMIC POLICY

Finance supports effective government decision-making by providing up-to-date information, policy analysis and advice to the Minister of Finance, Treasury Board, Cabinet and government departments. This includes financial and policy advice on budget decisions, updates on the Province's revenue and expense position, as well as information on general economic and social issues. Finance establishes and co-ordinates the budget development process to enable Treasury Board and Cabinet to make effective resource allocation decisions.

The Department is also responsible for working with the federal government on programs such as Equalization, the Canada Health Transfer, the Canada Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan and other federal/provincial programs.

As well, the Department houses the Saskatchewan Bureau of Statistics, which reports on provincial and national economic and social indicators.

COMPTROLLERSHIP/FINANCIAL MANAGEMENT

Finance assists the Legislature and the Government in controlling and accounting for the receipt and disposition of public money. Through the office of the Provincial Comptroller, the Department develops and maintains the government-wide revenue and expense systems and ensures that effective financial management and accounting procedures are in place. It also prepares and publishes financial accountability reports, including the Public Accounts.

Finance ensures that departments maintain appropriate financial and management controls and are properly accounting for their revenues and expenses.

REVENUE OPERATIONS

Finance administers several provincial government revenue and tax rebate programs. This work involves identifying and collecting tax revenues, conducting audits, issuing tax refunds and providing information related to tax and rebate programs.

TREASURY AND DEBT MANAGEMENT

Finance borrows to meet the funding requirements of the Government, including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund. It also provides an investment management service for various funds administered by the Government, Crown corporations and other agencies.

GOVERNMENT PERFORMANCE PLANNING, MEASURING, BUDGETING AND REPORTING

Finance works to improve program effectiveness, budgeting, performance measurement and reporting practices across government. It works with departments to develop and implement a "managing for results" approach within Executive Government, to provide analysis and advice to Treasury Board and to undertake analysis of assigned special projects and reviews.

PERSONNEL POLICY SECRETARIAT

The Personnel Policy Secretariat provides advice, analysis and secretariat support to the Cabinet Committee on Public Sector Compensation and co-ordinates implementation of Cabinet decisions related to its mandate. They are responsible for strategic policy development and analysis on matters related to public sector compensation and management of collective bargaining. The unit collaborates with other officials in the Department of Finance and relevant line departments on financial parameters for collective bargaining and with government organizations in the development of human resource policies that have compensation implications.

CORPORATE SERVICES

Finance provides direction, guidance and support for internal operations and client agencies. This work includes executive management, communications, human resources, financial services, procurement, security and facilities.

PENSION AND BENEFITS ADMINISTRATION

Finance, through the Public Employees Benefits Agency (PEBA), administers pension and benefit plans for employees of the Executive Government, Crown corporations and government-funded bodies.

As part of its mandate, PEBA ensures that the plans are administered in accordance with legislation and the prevailing governance system. Plan design is reviewed regularly to ensure that the needs of plan members and employers are addressed.

PEBA's operating costs are charged to each of the plans under its administration as an administrative cost. These costs are reported annually in the Public Employees Benefits Agency Revolving Fund Annual Report.

An annual report is prepared and tabled for each pension and benefit plan under PEBA's administration. For more information, go to www.peba.gov.sk.ca and click on the "publications" link.

Plan at a Glance

The purpose of this Performance Plan is to look forward, to identify the challenges and opportunities that lie ahead and to articulate the steps the Department will take to achieve its intended outcomes. The Plan outlines the goals and objectives that the Department is working towards that will contribute to economic prosperity and social well-being in Saskatchewan.

This is the sixth performance plan publicly released by the Department of Finance. It continues the strategic direction outlined in previously plans but has been revised as a result of a review that is currently underway within the Department. The vision statement has been revised and a set of core values has been developed: accountability; fiscal responsibility; integrity and professionalism; service excellence; and teamwork.

In addition to these enhancements, a number of performance measures have been altered to make them more meaningful and to increase clarity. Trendline information has been added to the performance measures to provide additional context and historical information for the reader.

Below is a summary of Finance's Plan for 2007-08. The goals and objectives articulate the outcomes the Department is pursuing in support of its vision. The performance measures are one of the key tools that will be used to gauge progress towards the objectives. The Department will report on actual compared to planned progress at the end of the 2007-08 fiscal year, in the Department's 2007-08 Annual Report.

VISION

Saskatchewan Finance is a leading Canadian finance department, providing expert advice and professional services that contribute to provincial fiscal and economic prosperity and social well-being.

GOAL 1

Saskatchewan is fiscally strong and stable

OBJECTIVE 1 – A sound financial plan

Performance Measures

- Government Debt to GDP ratio
- Credit ratings

GOAL 2

Saskatchewan is a prosperous and socially responsible province

OBJECTIVE 1 – A simple, fair, competitive tax structure

Performance Measures

- Income and sales taxes paid by representative taxpayers
- Inter-provincial tax comparisons for selected average family profiles
- Tax progressiveness index
- Number of audits conducted on businesses liable for taxes under the statutes administered by Finance

GOAL 3

Government is accountable for its revenues, expenses and results

OBJECTIVE 1 – Effective government financial reporting

Performance Measures

- Date that Volume 1 of the Public Accounts is released
- Number of audit qualifications on the Province's General Revenue Fund (GRF) financial statements and on the Summary Financial Statements (SFS)
- Number of Public Sector Accounting Board standards that have not been implemented in the GRF financial statements and in the SFS

OBJECTIVE 2 – Effective government-wide financial management practices

Performance Measure

- Number of significant deficiencies that were detected but not appropriately addressed by the affected departments

OBJECTIVE 3 – Effective performance planning, management and reporting

Performance Measure

- Provincial Auditor's overall assessment of the quality of department performance plans and annual reports

GOAL 4

Saskatchewan Finance provides excellent services to its clients

OBJECTIVE 1 – Accurate and timely information and services

Performance Measure

- Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's quality of service

OBJECTIVE 2 – Ease of tax compliance

Performance Measures

- Per cent of tax payments processed electronically
- Number of farmers that applied for fuel tax permit renewals on-line

2007-08 Financial Overview

The Department's overall budget for 2007-08 is $286.9 million. Of this amount, $43.0 million is appropriated for the operations of the Department of Finance. The remaining $243.9 million is appropriated for payments to public service pensions and benefits.

The following table lists the 2007-08 breakdown of Department spending by function.

2007-08 ESTIMATES	*(in thousands of dollars)*
Central Management and Services	$ 7,703
Treasury and Debt Management	2,933
Provincial Comptroller	9,083
Budget Analysis	4,915
Revenue	17,882
Personnel Policy Secretariat	415
Miscellaneous Payments	96
Department Operations Appropriation	43,027
Capital Asset Acquisitions	(600)
Capital Asset Amortization	1,061
Department Expense	43,488
Public Service Pensions and Benefits	243,860
Total Appropriation	$ 286,887
Revenue	$ 5,995,036
FTE Staff Complement	466.4

Trends and Issues

The Department of Finance is committed to leadership and innovation in the development of public policy and the practice of public financial management. Accomplishments in 2006-07 provide a solid foundation on which we will continue to improve service to other agencies of government and to the people of Saskatchewan.

Buoyant global demand and strong commodity prices were the key drivers of the Saskatchewan economy in 2006. In the first eleven months of 2006, international exports went up by 9.5 per cent with energy and agriculture products topping the list of exported goods to markets around the world.

Growth was not limited to resource-related sectors. Investment in non-residential building construction indicates the depth and breadth of the Province's economic expansion last year. Total non-residential building construction increased by 39.1 per cent. Industrial building construction led the surge with growth of 87.9 per cent. Institutional and government building construction increased by 44.3 per cent and commercial building construction grew by 24.7 per cent.

Housing starts increased by 4.8 per cent in the first nine months of 2006. Retail trade grew by 6.1 per cent in the first eleven months. Manufacturing shipments increased by 5.6 per cent in the same period.

Other economic highlights include the more than 8,000 increase in the number of jobs in 2006, the 17.4 per cent rise in the value of crude oil sales and 17.7 per cent increase in the number of oil wells drilled through November 2006.

Global growth prospects and commodity prices will continue to provide the Province more opportunities for growth and job creation in 2007. However, the prospects for both in 2007 are mixed with U.S. and Canadian growth expected to diminish and commodity prices easing from last year's levels. These and other factors will be monitored on a regular basis and advice and support to Treasury Board and Cabinet will be provided as warranted.

A major factor in operating expenses (GRF and otherwise) relates to salaries and benefits of public sector employees. Negotiations for the renewal of collective agreements began in 2006 and will continue through 2008. Two agreements have been concluded as of this writing, with annual adjustments averaging four per cent/year. Saskatchewan's public sector, comprising of Executive Government, Education (K-12, SIAST and Colleges), Health Care (includes fee for service physicians), Treasury Board Crown Corporations, Boards and Agencies and the commercial Crown corporations has a combined payroll, in and out-of-scope, of close to $4.2 billion; therefore, every one per cent adjustment to payroll ends up costing about

$42 million. Advice and support to the Cabinet Committee on Public Sector Compensation, Treasury Board and Cabinet will continue to be provided on an ongoing basis with respect to the settlement of these negotiations.

The Department is expected to monitor both internal and external pressures on the provincial tax system and analyze the effects those pressures may have on the fairness and competitiveness of the tax system. Finance played an important role in the Government's reform of provincial business taxes to improve Saskatchewan's ability to attract investment and employment, and, in 2007-08, Finance will continue to provide policy analysis and advice to the Government on federal and provincial taxation issues. Finance will also continue to participate in the development of new terms for the major federal/provincial fiscal arrangements, including reform of the Equalization program. In addition, the Department expects to continue work on a number of ongoing intergovernmental issues.

Government accounting is in a period of considerable change and a number of new accounting recommendations have significantly affected the Government accounting environment. The accounting profession continues to examine a number of other areas. One of the more fundamental of these is accounting for government grants. As grants comprise the largest category of government expense, the potential implications of accounting changes are significant. Considerable work is required to evaluate the recommendations as they are developed and to provide advice to the Government about the potential impact on Saskatchewan. Other accounting areas under examination include tax revenue, environmental liabilities, and hedge accounting.

Many federal and provincial jurisdictions have systems in place to strengthen their public reporting practices. There is increased interest in combining program evaluation practices and those of performance measurement to provide timely, relevant and understandable information that would help decision-makers and address government accountability responsibilities. Emphasis is being placed on the identification of performance outcomes – measuring whether government programs and policies are achieving their stated objectives, are making a difference in peoples' lives, and are achieving value for money spent. Auditors at the federal and provincial level are keenly interested in the progress governments are making in implementing a managing-for-results approach and are placing increased pressure on governments to ensure performance information provided is reliable and accurate.

Changes from 2006-07 Performance Plan

Saskatchewan Finance makes improvements to its Performance Plan each year to increase clarity and to better reflect the Department's key initiatives. Revisions to the Department's vision have been included in the 2007-08 Performance Plan. Changes have been made to a small number of performance measures as summarized below. In addition, trendline information is provided for all performance measures for the first time in the 2007-08 Performance Plan.

Removal of the following performance measure:

- Successful implementation of the MIDAS system on time and within budget

The MIDAS project included both financial and Human Resource/payroll components. This performance measure has been removed since the financial components are implemented and responsibility for the completion of the HR/payroll parts of the project has been moved to the Public Service Commission. MIDAS Financials, which remains in Finance, is operational, and although ongoing improvements and further roll-out of functionality will continue for many years, that work is considered normal support and operation of the system.

Removal of the following performance measures:

- Number of departments, Treasury Board Crown corporations and key cross-government strategies that publicly release performance plans
- Number of departments, Treasury Board Crown corporations and key cross-government strategies that publicly release performance results reports

Previous performance plans contained two measures that publicly tracked the number of departments and agencies that release performance plans and annual reports. The intention behind these measures was to ensure that departments' plans were released in a timely fashion and that year-end reports communicated actual performance results compared to intentions outlined in the performance plans at the start of the year. This information continues to be tracked internally. However, given that the system is becoming more mature and most departments and agencies are participating in the Accountability Framework, tracking the number of departments that participate in this activity is less meaningful.

Addition of the following performance measure:

- Provincial Auditor's overall assessment of the quality of department performance plans and annual reports

The 2007-08 Performance Plan includes a new performance measure that will monitor the assessments made by the Provincial Auditor's Office in its annual review of performance plans

and annual reports. This independent assessment of whether the plans and reports increase accountability is considered to be a more meaningful measure of the work Finance is leading related to the Accountability Framework.

Consolidation of the following performance measures:

- Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's quality of service
- Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's timeliness of responses, refunds and adjustments

In 2002-03, the Department committed to conducting bi-annual client satisfaction surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its timeliness of responses, refunds and adjustments may be improved.

Quality of service is the reported level of client satisfaction with the Department's performance, including ease of obtaining tax information, helpfulness of staff, usefulness of tax bulletins and Internet site, ease of filing returns, and timeliness of responses. The Department surveys two groups of businesses using two surveys (audit and non-audit). Non-audit surveys are sent to a random sample of businesses that collect Provincial Sales Tax, Fuel Tax, Tobacco Tax, and Corporation Capital Tax. Audit surveys are sent to a random sample of businesses the Revenue Division has recently audited within a year of the date that the survey is conducted. The results of the two surveys are weighted, combined, and reported as an overall measure of quality of service.

In reviewing the 2004 client satisfaction survey, the Provincial Auditor made several recommendations to improve the process used to measure client satisfaction. It was recommended that Revenue Division seek expert advice in planning the survey; that the results of the two surveys (audit and non-audit) be reported separately; and that Revenue Division be more aggressive in seeking responses or exclude those groups with less than a 20 per cent response rate. Further, there were concerns that the results of the non-audit survey were being reported as two separate measures.

As a result, expert advice was sought in planning the 2006-07 survey and several changes were made in approach and methodology from the 2004-05 survey. The survey of quality of service and timeliness of responses, refunds and adjustments is collected in one survey and the results are being reported in one quality of service performance measure. A larger sample of businesses was used, clients were provided the option of responding through the Internet, the number of questions was reduced from seven to five and the number of response choices was reduced from seven to five. The survey of businesses audited has been removed from the bi-annual survey and is being conducted on a regular basis and used as an internal quality control measure.

Goals, Objectives, Actions and Measures

This section details the Department's Performance Plan for 2007-08. Under each goal, a number of objectives have been established that support progress towards the broader goal statement. For each objective, a set of key actions that will be completed in 2007-08 has been identified. They are the means for making progress on the objectives. To assess whether key actions support the objective, a set of performance measures has been established for each objective to gauge progress towards meeting the objective.

GOAL 1

Saskatchewan is fiscally strong and stable

OBJECTIVE 1 – A sound financial plan

Fiscal strength and stability are important indicators for those who live in our province and for those who are looking to invest. The Department contributes to the Province's fiscal strength and stability through the development of a sound financial plan. Sound financial planning is a key component in assisting government decision-makers to develop and deliver annual budgets and effectively allocate public resources.

A financial plan includes details of revenue, expense, assets, liabilities and debt. These details are reported on a General Revenue Fund (GRF) basis and a Summary Financial Statement (SFS) basis.

Key Actions for 2007-08

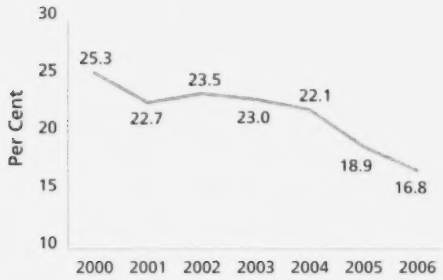
- Issue timely economic and fiscal forecasts, reports and analysis, as well as fiscal strategies and options, to achieve the Government's financial plan within *The Balanced Budget Act* and *The Fiscal Stabilization Fund Act*.
- On an ongoing basis, operate a budget process that provides decision-makers with realistic program options and the information necessary to analyze those options.
- On an ongoing basis, optimize the Government's cost of borrowing through:
  - ~ strategic financing;
  - ~ cash management; and
  - ~ debt administration and foreign exchange and risk management.
- Issue timely quarterly financial reports to the general public, providing information on the Government's current financial position.

What are we measuring?

Government Debt to GDP ratio

Progress to date

Government Debt as a percentage of GDP



Gross Domestic Product (GDP) is the total value of all goods and services produced in the economy.

Government Debt is the debt incurred to fund deficits and cash shortfalls that must be repaid using future government receipts. This does not include debt incurred for, and repayable by, Crown corporations.

Investor confidence is influenced by this ratio because it provides investors with a measure of the Province's debt relative to the income available to manage that debt.

The Department is able to influence many of the factors that contribute to the size of the Government's debt and GDP levels by providing advice to decision-makers and adhering to prudent debt management policies. However, factors such as the state of the global, North American and Canadian economies are beyond the Department's control.

What are we measuring?

Credit ratings

Progress to date

See the following table

SASKATCHEWAN'S CREDIT RATING HISTORY

	2000	2001	2002	2003	2004	2005	2006
Standard & Poor's	A+	A+	A+	**A+	AA-	AA-	AA
Moody's Investors Service	A1	A1	AA3	AA3	AA3	AA2	AA1
Dominion Bond Rating Service	A	A	A	A	**A	A(high)	AA(low)

** *With positive outlook*

A credit rating is an evaluation by an independent, objective agency of a borrower's capability to service and repay debt. The borrower may be a private firm, or a public entity such as a provincial or national government. An upgrade in a borrower's credit rating means there has been an improvement in that borrower's financial position.

Factors used to reach a credit rating include:

- government structure and intergovernmental relations;
- economy;
- budget;
- financial position; and
- policy direction and overall management ability.

GOAL 2

Saskatchewan is a prosperous and socially responsible province

OBJECTIVE 1 – A simple, fair, competitive tax structure

A simple, fair and competitive tax structure promotes prosperity, while enhancing social responsibility, by ensuring adequate resources for the delivery of important public services. Competitive taxes are a key feature in Saskatchewan's ability to compete for jobs and investments. However, taxation is only one of many factors that can influence the relative prosperity and social responsibility of the Province.

The tax system's primary objective is to raise the necessary revenues required to finance key public services like health care, education and highways. Tax levels are therefore dependent on the Government's revenue requirements. Saskatchewan's tax levels are held as low as possible while ensuring adequate resources to pay for services and to maintain the financial stability of the Province.

Key Actions for 2007-08

- Continue to monitor:
  - ~ the tax systems of other jurisdictions; and
  - ~ the revenue requirements of the Government.
- Conduct audits on businesses paying or collecting taxes administered by Finance.

The performance measures described below attempt to provide an indication of the fairness and competitiveness of Saskatchewan's personal taxes. The measures are prepared on a calendar year basis to coincide with the typical taxation year for income tax purposes.

What are we measuring?

Income and sales taxes paid by representative taxpayers

Progress to date

See the following table

SASKATCHEWAN INCOME AND SALES TAXES PAID BY REPRESENTATIVE TAXPAYERS

	2000	2001	2002	2003	2004	2005
Single parent family earning $25,000	$ 862	$ 691	$ 619	$ 560	$ 515	$ 466
One-income family earning $50,000	5,446	4,486	4,284	4,005	4,007	4,124
Two-income family earning $75,000	7,417	6,983	6,721	6,390	6,432	6,656

Saskatchewan's tax levels for representative taxpayers provide an indication of the amount of after-tax or disposable income available to residents. Declining tax levels are therefore suggestive of improvements in the relative prosperity of residents. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.

The calculations, upon which the performance measurements are based, are performed by the Department of Finance using internal tax simulation calculations. Each of the measures is based on determination of combined provincial income and sales taxes payable by representative family profiles.

For each family profile, provincial income taxes are calculated based on the following assumptions:

- each family has two dependent children;
- for the two-income family, one spouse earns 60 per cent of the total income and the other earns 40 per cent;
- the single parent family and the two-income family claim $3,000 in deductible child care expenses;
- each family claims be available basic personal exemptions, dependent child credits and credits for Canada Pension Plan and Employment Insurance contributions; and,
- for the purposes of interprovincial tax comparisons, Quebec's income tax calculations are adjusted for the child care expense tax credit and the 16.5 per cent federal tax abatement.

In addition, provincial sales taxes are calculated based upon average family expenditure baskets from the *Survey of Family Expenditures in 1996* (Statistics Canada). The sales tax base in each province is identified from the enacting legislation, with total expenditures adjusted to reflect Saskatchewan consumption patterns. Provincial sales taxes are then estimated based on taxable expenditures in each province. Refundable provincial income tax credits designed to reduce the impact of sales taxes are netted from the sales tax calculations.

What are we measuring?

Interprovincial tax comparisons for selected average family profiles

Progress to date

See the following table

SASKATCHEWAN'S INTERPROVINCIAL TAX COMPETITIVENESS RANKINGS FOR REPRESENTATIVE TAXPAYERS*

	2000	2001	2002	2003	2004	2005
Single parent family earning $25,000	5	5	4	4	3	3
One-income family earning $50,000	5	4	4	4	4	4
Two-income family earning $75,000	4	4	4	4	4	4

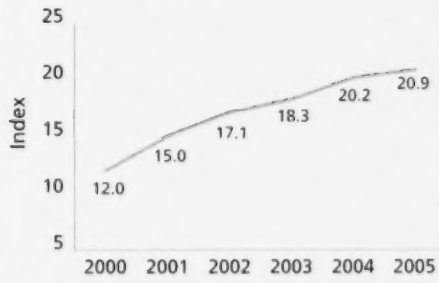
* *The ranking is from 1 to 10 (for the ten provincial jurisdictions), with 1 being the lowest and 10 the highest provincial taxes.*

Saskatchewan's interprovincial ranking with respect to the tax levels of representative taxpayers is indicative of the competitiveness of our tax system. This measure can be significantly impacted by tax changes initiated in Saskatchewan and by tax changes occurring in other provinces. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.

What are we measuring?

Tax progressiveness index

Progress to date

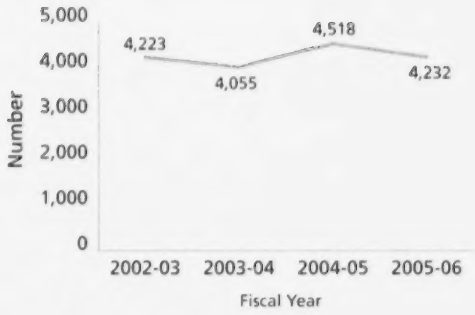


The tax progressiveness index measures relative tax levels between different income levels and provides an indication of how progressive, or fair, the provincial tax system is; the higher the index, the more progressive the tax system. The measure compares the income and sales taxes payable by a one-income family earning $100,000 with the taxes payable by a one-income family earning $25,000. The Department's influence in this area is through the ongoing advice it provides to decision-makers about revenue policy issues.

What are we measuring?

Number of audits conducted on businesses liable for taxes under the statutes administered by Finance

Progress to date



This is a measure of the number of field and desk audits conducted by Finance on businesses required to collect or pay taxes administered by the Department. It is necessary that the level of audit coverage is high enough to promote voluntary compliance and to ensure that all businesses are paying and remitting the required taxes. This helps to ensure fairness and competitiveness among businesses. The Department has a moderate level of influence on this measure since staff vacancies and the long training period for new auditors will impact the number of audits being conducted.

GOAL 3

Government is accountable for its revenues, expenses and results

OBJECTIVE 1 – Effective government financial reporting

Continued strong financial reporting is key to strong accountability. Timely, reliable and relevant financial information provides the necessary accounting for the receipt and spending of public funds. It provides the public with the means to evaluate government performance.

Key Actions for 2007-08

- Develop and implement a work plan to prepare and release the Province's Public Accounts by August 1.
- Prepare financial statements in accordance with Public Sector Accounting Board (PSAB) standards and work with the Provincial Auditor to resolve differences in opinion.
- Monitor the activities of the PSAB of the Canadian Institute of Chartered Accountants (CICA). Implement new standards as soon as approval to do so is obtained.

What are we measuring?	Progress to date
Date that Volume 1 of the Public Accounts is released	Volume 1 of the Public Accounts has been released by August 1 since 2000.

Timeliness of the financial statements contributes to the Government's accountability. The "gold standard" is considered attained if the statements are released by August 1. The Department's level of influence over the measure is moderate and achievement is affected by other departments, agencies, the Provincial Auditor and Treasury Board.

What are we measuring?	Progress to date
Number of audit qualifications on the Province's GRF financial statements and on the SFS	There have been 3 audit qualifications for the GRF financial statements since 2002-03. The SFS have received a clean audit opinion since 1993-94.

Reliability of the financial statements contributes to the Government's accountability. Financial statements that have few (or no) audit qualifications are considered more reliable than those that have many. The Department's level of influence over the measure is moderate and achievement is affected by other departments, agencies, the Provincial Auditor and Treasury Board.

What are we measuring?	Progress to date
Number of Public Sector Accounting Board (PSAB) standards that have not been implemented in the GRF financial statements and in the SFS	For a number years, one recommendation, recording pensions on an accrual basis, remains unimplemented in the GRF. The Government's GRF financial statements continue to disclose the pension liability in the notes and expense actual cash payments to retired plan members and cash contributions to its pension plans. All PSAB recommendations have been implemented in the SFS since 1993-94.

Relevance of the financial statements contributes to the Government's accountability. Financial statements that comply with PSAB standards are considered more relevant than those that do not. The Department's level of influence over the objective is moderate and achievement is affected by Treasury Board.

OBJECTIVE 2 – Effective government-wide financial management practices

Effective government-wide financial management practices are essential to the operation of government. The Department of Finance is committed to a high standard concerning financial systems and practices for managing public resources and achieving fiscal accountability. The Department provides direction to and works with other departments and agencies to ensure appropriate financial management practices are employed.

Key Actions for 2007-08

- Through our cyclical risk analysis process, we plan to assess the internal controls on approximately 140 financial programs/systems. Where improvements are required, effective solutions will be recommended for implementation.

What are we measuring?	**Progress to date**
Number of significant deficiencies that were detected but not appropriately addressed by the affected departments	Over the past five years, all detected significant deficiencies were appropriately addressed by the affected departments.

In order to achieve the objective of effective government-wide financial management practices, departments must appropriately address all significant deficiencies that are detected. A significant deficiency is an internal control deficiency that adversely affects the Government's ability to safeguard its assets and record, process or report financial data reliably. Finance develops and implements financial policies and procedures and conducts internal control reviews to monitor for significant deficiencies in financial programs/systems. This measure will indicate if any significant deficiencies that were detected were not appropriately addressed. The Department has a high level of influence over the measurement results.

OBJECTIVE 3 – Effective performance planning, management and reporting

Government's Accountability Framework is intended to strengthen accountability to the Legislature and public by providing more and better information about what results government intends to achieve, how it will spend money, and, at year-end, its actual financial and program performance results.

Since 2000, Finance has lead the steady implementation of the Accountability Framework by helping to build capacity within government, by setting annual expectations for plans and reports, and by supporting departments in their planning and measurement work.

To be effective, performance plans should describe the results government intends to achieve, the budget determines the pace of implementation and annual reports describe the actual financial and performance results achieved by year end. It is Finance's responsibility to ensure that departments prepare performance plans in a timely fashion and that reporting on these plans is effective, complete and accurate. Over time, the intended outcome is better information for managers and decision-makers, enhanced accountability both internally and publicly, and ultimately, improved government performance for Saskatchewan people.

More detailed information regarding the government's Accountability Framework and links to department performance plans and annual reports are available at www.gov.sk.ca/finance/accountability/default.htm.

Key Actions for 2007-08

- Further the intentions of the Accountability Framework by improving the quality of performance plans and ensuring an effective integration of budgeting and planning processes for government.
- Lead special projects and program reviews in collaboration with departments to improve the performance of government programs and to provide better information for government decision-making.
- Monitor and evaluate the risk management activity within five departments, collaborate with other central agencies leading various risk management initiatives for government, and review developments in other jurisdictions, to provide recommendations for a government-wide framework to integrate risk management practises into existing planning and budgeting processes.
- Provide advice, consultative services, and training to departments to build capacity and improve government processes related to risk management, program review, performance planning and public and internal reporting.

What are we measuring?

Provincial Auditor's overall assessment of the quality of department performance plans and annual reports

Progress to date

Assessment	Provincial Auditor's Report
Positive	2006 Vol. 3, Chapter 14
Positive	2005 Vol. 3, Chapter 11
Positive	2004 Vol. 3, Chapter 15
Positive	2003 Vol. 3, Chapter 13

Given Finance's responsibilities for the Accountability Framework, Finance previously measured the success of the implementation of the Framework across departments by reporting on the number of agencies producing plans and reports. The Framework has reached maturity to the point that the vast majority of departments and agencies produce plans and annual reports that

meet government's requirements. Exceptions to this are generally departments that are undergoing major restructuring as a result of a government wide re-organization of departments.

The implementation of the Framework is changing to focus on improving the overall quality of public reporting and better integration of existing and advanced accountability principles into decision making processes across government. Therefore, a new measure is being introduced which specifically relates to the overall quality of plans and reports as assessed by an independent third party, the Provincial Auditor.

In 2003, in response to a recommendation by the Provincial Auditor, the government adopted the Canadian Comprehensive Auditing Foundation's (CCAF) "nine principles for effective public reporting" as the standard by which public performance plans and annual reports would be developed. The Provincial Auditor undertakes reviews of performance plans and annual reports annually to assess how well they comply with Finance's content requirements and how their overall quality measures up against the "nine principles". The Provincial Auditor's Office began reviewing a select number of departments' annual reports in 2003 and, in 2004, the Auditor assessed both performance plans and annual reports.

The Provincial Auditor provides detailed assessments to departments and, in addition, provides Finance with an opinion on the overall quality of reports and whether they enhance the government's public accountability. The Auditor's conclusions are made public in the annual fall reports and are available on-line at www.auditor.sk.ca/.

The Auditor's Office selected 13 departments and two Treasury Board Crown corporations to review in 2006. The 2006 Fall Report, Chapter 14 concluded that the departments' reports provide more performance information than they did previously and thus enhance public accountability. Finance views this as a "positive" conclusion and notes that the Provincial Auditor has been supportive of this work and has made similar positive conclusions since undertaking these detailed assessments beginning in 2003. Finance places value on this independent third party assessment of whether plans and reports are enhancing public accountability. Finance works with departments in the continuous improvement of public plans and reports and uses the Provincial Auditor's assessment as one of the tools to advance the Accountability Framework. Finance has a reasonable degree of influence over this measure.

GOAL 4

Saskatchewan Finance provides excellent services to its clients

OBJECTIVE 1 – Accurate and timely information and services

The Department is committed to serving its clients – individuals and businesses, government departments and decision-makers, and the public at large – with integrity and professionalism. We continually seek ways to respond more effectively and efficiently to our clients' needs.

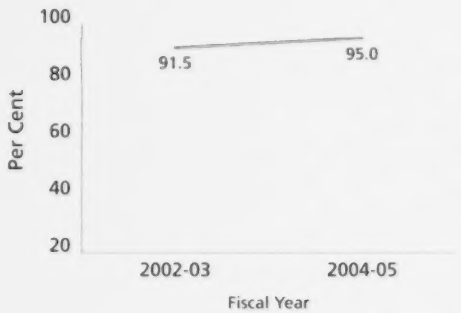
Key Actions for 2007-08

- Respond to most requests for tax information within 24 hours and provide accurate information.
- Process tax refunds within 21 days of receiving all required documentation.

What are we measuring?

Per cent of businesses, which collect taxes on behalf of Government, that are satisfied with the Department's quality of service

Progress to date



The Department has committed to conducting periodic surveys of businesses collecting taxes on behalf of Government. This allows businesses to evaluate the Department's performance and helps the Department determine how its services may be improved. This is a measurement of the percentage of businesses collecting taxes that indicate they were satisfied to very satisfied with the quality of service provided by Saskatchewan Finance. Quality of service includes ease of filing tax returns, helpfulness of staff, ability to obtain required information, usefulness of website and tax information bulletins, and the timeliness of service regarding tax adjustments and refunds. The Department has moderate influence on this measure as the results are very dependent upon the survey response rate from the public. Changes in tax policy may influence how a business responds to the survey.

OBJECTIVE 2 – Ease of tax compliance

The Department wants to ensure that its clients can report taxes owing or obtain tax benefits as easily as possible. This helps reduce compliance costs for clients.

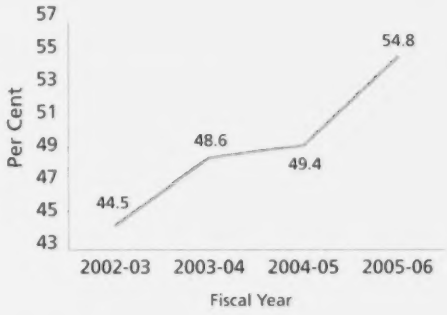
Key Actions for 2007-08

- Continue to promote the Saskatchewan Electronic Tax Service (SETS) to clients through the use of information stuffers included with tax returns every three months and through our website at www.gov.sk.ca/finance/revenue/efile/default.htm.

What are we measuring?

Per cent of tax payments processed electronically

Progress to date

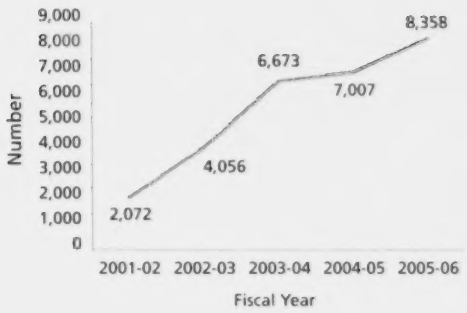


This is a measure of the percentage of tax payments that are processed electronically. The Department accepts tax payments from a variety of electronic methods, including SETS, Internet banking, and payments made at financial institutions. The Department's influence over this measure is limited to the extent that it can only encourage businesses to submit returns electronically. They may still choose to make payments manually through the postal system or in person. The data source for this information is produced from statistical reports from the mainframe revenue system.

What are we measuring?

Number of farmers that applied for fuel tax permit renewals on-line

Progress to date



This is a measure of the number of farmers that submit their fuel tax permit renewals using SETS. SETS allows farmers to file an application on-line rather than filing a paper application. The Department's influence over this measure is limited to the extent that it can only encourage farmers to submit applications electronically. They may still choose to do so manually. The data source for this information is produced from statistical reports in the SETS database.

For More Information

If you have any questions or comments about this plan, call 1-866-862-6246.

All Saskatchewan Finance programs and services can be accessed at:
www.gov.sk.ca/finance

All Saskatchewan Finance publications can be accessed at:
www.gov.sk.ca/finance/publicationsall.htm